

**Subtle but deadly - union avoidance through ‘double breasting’
among multinational companies**

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ABSTRACT

This paper examines the use of so called ‘double breasting’ as a means of union avoidance among multinational companies (MNCs). Double breasting refers to the practice whereby multi-establishment organizations simultaneously operate establishments on both a union and non-union basis. Using survey data from the largest and most representative empirical investigation of employment practice in MNCs in Ireland to date and supplemented by qualitative data gathered from case based investigations in the subsidiary operations of American owned MNCs, we profile the incidence and pattern of this particular form of union avoidance as well as providing insights on management’s rationale for so doing. Our findings suggest that a substantial and increasing number of unionized MNCs in Ireland are engaging in double breasting. This phenomenon is most evident among U.S. MNCs. We also find that employers, at both local and global level, has proactively initiated double breasting as a strategic ploy to increase management prerogative and better position subsidiary operations to attract new investment from corporate levels.

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Introduction

Employer resistance to union recognition has a long and chequered history and can take many forms. These largely straddle the continuum from union suppression to union substitution. Categorizations such as ‘suppression versus substitution’ (and more nuanced variants thereof) provide a useful framework for analyzing the manifest strategies engaged in by employers to thwart union penetration. However, such a workplace focus suffers from some significant drawbacks. By largely concentrating on direct employer opposition it overlooks indirect and subtler union resistance strategies on the part of employers. For example, it fails to address the impact of higher (corporate) level employer thinking with respect to union avoidance and the more imperceptible avoidance strategies developed at this level. Nor does it inform the reasons why employers may seek to avoid trade unions.

In this paper we seek to partially address this gap by focusing on the utilization of so-called ‘double breasting’ arrangements among multinational companies (MNCs) in Ireland. Using survey data from the largest and most representative empirical investigation of employment practice in MNCs in Ireland to date and supplemented by qualitative data gathered from case based investigations in the Iris subsidiary operations of American owned MNCs, we profile the incidence and pattern of this particular form of union avoidance. We also provide some insights on the managerial rationale for engaging in double breasting.

Ireland represents a particularly appropriate locale for evaluating union recognition and avoidance in MNCs, given its high level of foreign direct investment (FDI). According to the UN *World Investment Report* (2006), Ireland is the world's second most "transnationalized" economy. The United States is by far Ireland's largest source of FDI. American manufacturing investment in Ireland in 2004 amounted to some \$10.4 billion (3rd in the world after the UK and Canada) while total US FDI amounted to \$73 billion – a figure several times larger than China! Ireland benefited disproportionately from the global FDI boom of the 1990s. During the period 1993-2003 it was the largest net FDI recipient in the OECD, recording a cumulative balance of inflows over outflows of \$71 billion (OECD, 2006). This is a quite exceptional feat for a small nation of just over 4 million people. It makes Ireland one of the world's most MNC-dependent economies, with the great majority of these foreign MNCs located in a small number of export-oriented high technology sectors, notably electronics, pharmaceuticals/healthcare, software, and international services

This paper is structured as follows. We firstly address the broad area of trade union recognition and avoidance, particularly as it applies to MNCs and the Irish experience. We then examine the concept of double breasting and subsequently review the Irish industrial relations (IR) environment, where we identify particular changes impacting on union avoidance and specifically on managerial capacity and willingness to engage in double breasting. This is followed by an outline of our research methodology. The next section contains our main findings on the incidence and pattern of double breasting among the MNC population. In the penultimate section we explore possible employer rationales for engaging in double breasting and in the final section we present our main conclusions.

Employer approaches to trade union avoidance

In Britain and Ireland at least, much of the research on industrial relations in multinational companies (MNCs) has focused on either *ab initio* union avoidance (i.e. non recognition in newly established sites) or on de-recognition in longer established firms (Gall, 1999; Dundon, 2002; Edwards & Ferner, 2002; Ferner et al, 2005). In Ireland, several studies have highlighted the marked increase in trade union avoidance, particularly among American MNCs establishing at greenfield facilities (cf. Gunnigle, 1995, Gunnigle et al., 1997; Geary & Roche, 2001; Lavelle, 2008). Recent evidence finds no abatement in this trend, as union avoidance has increasingly become the option of choice for new inward investing MNCs, particularly those of U.S. origin (Industrial Relations News, 2003). In contrast, older MNCs, particularly those that established in the 1960s and 1970s, are seen as more solidly unionized (cf. Roche & Geary, 1997). This reflects the fact that such inward-investing MNCs, both American and other foreign-owned, overwhelmingly conformed to prevailing local norms by recognizing trade unions and relying on collective bargaining as the main vehicle for handling workplace industrial relations (Enderwick, 1986). For American MNCs, this often meant a break with a company tradition of union avoidance. Many of these long-standing unionized MNCs are located in the manufacturing sector. This ‘conformance’ pattern began to fade from the turn of 1980s. Since then many new inward-investing MNCs have increasingly and successfully avoided union recognition. Consequently, the received wisdom is that while unions remain reasonably well entrenched in older MNCs, they have been effectively excluded from vast tranches of new MNC operations.

Union de-recognition, which Bassett (1986) sees as the sharpest form of union avoidance, achieved particular prominence in the UK during the Thatcher era (Beaumont & Harris, 1995; Claydon, 1996; Gall & McKay, 2004). There it appeared to reach its high-water mark in the early 1990s and has fallen more recently, with some evidence of a softening in employer approaches in the face of the statutory union recognition provisions of the *Employment Relations Act*, 1999 (Gall, 2004). Unlike its larger neighbor, de-recognition of trade unions has never being an important feature of the Irish industrial relations landscape. Indeed, a detailed search for instances of union de-recognition since 1997 in both the *European Industrial Relations Directory* and *Industrial Relations News*ⁱ yielded less than a handful of cases.

In summary, the available evidence points to a greatly increased level of *ab initio* union avoidance among MNCs in Ireland since the early 1980s, while finding little evidence of de-recognition of trade unions. However, a major drawback of this research is the failure to consider the potential for changes in the pattern of union recognition within unionized firms. In effect, there appears to be a tacit acceptance that while union avoidance is commonplace among newer MNCs, particularly those located in ‘high tech’ sectors, union penetration among older MNCs in more traditional sectors remains more or less intact. This is hardly a tenable perspective, given the dynamic for change in workplace industrial relations in both union and non-union contexts. An especially critical omission is the phenomenon of double breasting, whereby unionized firms seek to operate some (generally newer) facilities on a non-union basis.

The concept of double breasting and its relevance in Ireland

The term ‘double breasting’ has its origins in America’s construction industry. It came into popular usage many decades ago to describe the practice whereby construction firms would choose to operate both unionized and non-union subsidiaries (cf. Doherty, 1989). The incentive for this practice was to avoid higher wages and related employment costs in the unionized sector and, furthermore, to gain a competitive edge from the greater discretion and flexibility afforded to management as a consequence of union avoidance. Such benefits included less demarcation along craft lines, greater scope to employ semi- or non-skilled workers and greater management control of the pace and nature of work. Such argued advantages have clearly proved attractive as American scholars have charted the increased use of double breasting arrangements in the US construction sector (cf. Northrup, 1995), its spill-over into neighboring Canada (Rose, 1986) and diffusion to other sectors of the US economy, notably manufacturing and transportation (cf. Edwards & Swaim, 1986).

In the European context, Beaumont (1985, 1987; Beaumont & Harris, 1992; Beaumont & Townley, 1985) has been to the fore in documenting the incidence of double breasting. This work largely focused on investigating the extent to which multi-establishment organizations might “...simultaneously operate establishments on both a union and non-union basis” (Beaumont & Harris, 1992: 268) and on phenomenon of unionized firms establishing new ‘greenfield site’ facilities on a non-union basis (Beaumont & Townley, 1995). This work was particularly useful in providing greater prescription of forms that employer decisions to engage double breasting might take, namely unionized companies (a) opening a new operation on a

non-union basis and/or (b) acquiring an existing non-union plant and continuing to operate it on a non-union basis (see Beaumont & Harris, 1992).

The Irish Industrial Relations Environment

We now turn to the Irish host context and to the changing business and industrial relations environment which, we argue, has increased employer capacity to avoid trade unions, either on initial start-up or via double breasting.

The Irish industrial relations system, though commonly perceived as an exemplar of Anglo-Saxon pluralism, is not easily characterized. For more than twenty years the industrial relations scene has been dominated by national level partnership agreements involving peak level employer and trade union bodies and Government. These afford trade unions such a high level of influence on public policy as to make latter-day comparison with Britain inappropriate. However, social partnership in Ireland is quite unlike the forms that pertain in other parts of Western Europe. For one matter, it does not have a strong legally supported tradition of employee involvement and participation at the workplace. Indeed, initiatives to extend continental Europe-like initiatives in the sphere of employee involvement and participation have generally met with resistance. More generally, voluntary initiatives to extend national level partnership arrangements to enterprise level in the private sector have largely floundered, with just a few exceptions (Gunnigle, 1998; Roche, 2007).

Despite social partnership, trade union density in Ireland has suffered a similar fate to many developed countries and declined significantly over recent decades. The figures speak for themselves. In 2004 trade union density in Ireland was 35 per cent,

representing a fall of 27 percentage points from its high water mark of 62 per cent in 1980 (various sourcesⁱⁱ). Taking a shorter timeframe, union density fell by 11 per cent over the ten-year period 1994 to 2004. This decline in union density has been attributed to a variety of factors. Arguably though, two particular reasons stand out. The first is structural change in the Irish economy and related adjustments in the sectoral distribution of employment, particularly the growth in relative scale of service sector employment. The second is increased employer resistance to union recognition, a key focus of this paper.

We earlier noted the growth of FDI into Ireland, particularly during the 1990s. This catapulted Ireland to prominence as a major recipient of mobile FDI but also greatly increased its reliance on international trade. To maintain its upward economic trajectory, Ireland needed to both attract new and retain existing FDI. Consequently, public policy decisions in Ireland tend to be disproportionately influenced by FDI considerations. A case in point is the decision of Ireland's industrial promotions agencies to shift their policy stance on union recognition in the 1980s. Traditionally, these agencies encouraged inward investing MNCs to conclude recognition agreements prior to start-up. This policy reflected the prevalence of union recognition in larger private sector firms and was in line with the pluralist-adversarial industrial relations model. It also explained the high level of union recognition among MNCs that established in Ireland from the early 1960s to the early 1980s. However, increased competition for mobile FDI stimulated a policy shift. Of particular importance was the desire to attract American ICT firms to Ireland. Most, if not all, of these firms were non-union and unlikely to conform to prevailing industrial relations norms. To attract these firms, State agencies began to portray Ireland as an 'open and

attractive' location with a young and flexible workforce. Union recognition was no longer encouraged. Initial success in attracting firms such as *Wang*, *Amdahl* and *Digital* paved the way for later and larger non-union investments such as *Intel*, *Microsoft* and *Dell*. Non-union status became the norm rather than the exception among inward investing MNCs.

More recently, increasing costs at home combined with the attraction of newer locations (especially Central & Eastern Europe, China, India, etc.) led to ever-greater international competition for mobile FDI. This was reflected in another important shift in industrial policy. Acknowledging the likelihood that Ireland's ability to attract new mobile FDI may diminish, its industrial promotions agencies embarked upon two important policy changes: (a) a re-balancing of emphasis involving less reliance on the winning of new greenfield investments and greater focus on retaining and developing existing MNCs; (b) achieving greater spatial balance by encouraging FDI into economically disadvantaged regions. With regard to the former we have witnessed some considerable activity over recent years. This has largely involved identifying specific MNCs in particular sectors and providing financial and other incentives aimed at extending the mandate of the Irish operations to embrace higher margin/higher quality activities which effectively move these MNC operations up their respective corporation's 'value chain'. Case examples include recent expansions by American corporations such as *Abbott Laboratories*, *Boston Scientific* and *Wyeth*. Often these expansions involved either the opening or acquisition of new sites, thereby increasing the multi-establishment nature of MNC activity and increasing the opportunity, at least, for double breasting.

Since the turn of the 1980s, Ireland has thus witnessed the development of a burgeoning non-union sector, led in large measure by MNCs. This can be traced to changes in the Irish economic and social environment that facilitated increased union avoidance and – potentially - a growth in double breasting. Given that the objective of this paper is to inform the extent of double breasting as a means of union avoidance in MNCs, we have opted to focus on firstly establishing the broad profile of union recognition and avoidance among the population of MNCs in Ireland. We subsequently investigate in greater detail the incidence of double breasting, and finally we seek to explain employer and management rationale for engaging in double breasting. We now outline our methodology.

Methodology

The primary source of data used in this study is a large-scale survey of employment practice in MNCs in Ireland (cf. Gunnigle et al., 2007). The Irish survey forms part of a larger international study involving similar parallel surveys of MNCs in Australia, Canada, Mexico, Spain and the UKⁱⁱⁱ. These findings are supplemented by qualitative data gathered from detailed case studies of employment practice in the Irish subsidiary operations of American owned MNCs. Again this case based investigation was part of a larger international study of employment practice in American MNC operations in five European countries (Germany, Ireland, Spain and the UK; cf. Almond & Ferner, 2006)^{iv}.

The Irish survey was completed in 2007 and represents the largest and most representative empirical investigation of employment practice in MNCs in Ireland to date (see McDonnell et al., 2007 for discussion). A total of 260 face-to-face

interviews^v were successfully completed, giving a response rate of 63 per cent. This equates to a 61 per cent response for foreign owned MNCs and 78 per cent amongst Irish owned MNCs. The survey responses were broadly representative of the total population and, for the purposes of this paper, have not been re-weighted. Due to small cell sizes we have identified five different categories of country of origin, see table 1^{vi}. Data on double breasting was garnered during questioning of respondents on the area of “Employee representation and consultation”, which was one of four substantive areas of employment practice addressed in the survey.

Apart from profiling the incidence and pattern of double breasting, we also explore the managerial rationale behind the decision to double breast. Here we primarily rely on data gathered from case studies of employment practice in the Irish operations of five American owned MNCs. Summary details on these five MNCs is provided in appendix 1. These data were garnered through 63 in-depth interviews with managers (at all levels), employees, employee representatives and trade union officials and supplemented by information from company documentation, web sources and observation. While the Irish study largely drew on subsidiary-level insights, we also utilized data from interviews at corporate and European headquarter (HQ) level in one of the companies and from European regional HQ level in another.

Insert Table 1 about here

Union recognition and avoidance and the extent of double breasting

Before considering data on double breasting it is firstly useful to gauge the overall extent of trade union avoidance and recognition among MNCs in Ireland. Our survey

instrument investigated whether MNCs in Ireland recognized trade unions “for the purposes of collective employee representation”. The findings on this are outlined in figure 1, which indicates that six in ten (61 per cent) MNCs in Ireland recognize trade unions for purposes of collective employee representation in at least some sites.

Insert Figure 1 about here

This figure is quite high given that much of the extant research, both Irish and international, tends to depict MNCs as likely union-avoiders. This apparently high figure may be explained by a number of reasons, most of which relate to the parameters of the research. Firstly, our coverage of foreign owned MNCs was greater than previous studies. We capture practice in sub-sectors often omitted from studies of this type, most notably MNCs in sectors not aided by Ireland’s industrial promotions agencies. Here we point in particular to MNCs in the retail and leisure sectors, the majority of which were UK owned and characterized by comparatively high levels of union recognition. Secondly, the size threshold used meant that smaller MNCs were excluded, and we know from the literature that larger organizations are more likely to recognize unions (Beaumont and Harris, 1989; Roche, 2001). Thirdly, our survey – unlike previous studies – included indigenous MNCs as well as foreign owned MNCs. As we will see below, union recognition is much higher among Irish owned MNCs. Finally, our investigation was focused at an organizational rather than establishment level. Thus, where a multi-establishment MNC recognized trade unions at just one site, then this case was categorized as a ‘unionized’ MNC.

In discerning a pattern with regard to union recognition, it is clear that country of ownership matters (Lavelle, 2008). Levels were highest among indigenous and UK MNCs at over 80 per cent. Recognition was also high among European owned MNCs

while – as expected - US MNCs (42 per cent) were significantly less likely to recognize trade unions^{vii}. Overall, the level of recognition was much higher among Irish-owned MNCs (81 per cent) than among foreign-owned MNCs (56 per cent).

Turning now to the nub of this paper, we noted earlier that management decisions to engage in double breasting may take the form of opening a new site on a non-union basis (cf. Verma & Kochan, 1985; Beaumont & Harris, 1992). In line with the 1985 and Company Level Industrial Relations Surveys (CLIRS) in Britain (Marginson et al., 1988, 1993), our Irish survey investigated union recognition at new sites established over the previous five years. These data are outlined in table 2. Overall, 54 from the total of 158 unionized MNCs (or 34 per cent) reported the establishment of a new site over the previous five years. Half of these MNCs recognized unions in all of their new sites. This means that the other half engage in some level of double breasting.

Insert table 2 about here

As might be expected, we found a strong country of origin influence on the extent of double breasting, see figure 2. In line with our earlier observations on the pattern of union avoidance, Irish and U.K. owned MNCs were far more likely to recognize a trade union at all new site(s). European MNCs display a mixed pattern when it comes to union recognition in new sites, which may be explained by the disparate make-up of this country group. However, U.S. owned MNCs were by far the least likely to recognize trade unions at new sites. Indeed no U.S. owned MNC reported recognizing a trade union in all of their new sites.

Insert Figure 2 about here

The management rationale for double breasting

While the absence of a base-line Irish study renders it impossible to assess the precise scale of this increase, our major conclusion is that a substantial and increasing number of unionized MNCs in Ireland are engaging in double breasting. Why is this happening, and why now? From a management choice perspective two scenarios are posited. First, it may be that employers are reacting to a negative experience of unions by progressively reducing the extent of union penetration in their operations. Alternatively, it may be that employers are proactively using a context of declining union density to opportunistically reduce union penetration. Our survey asked management respondents in unionized operations to describe whether the approach generally adopted by unions was ‘cooperative’, ‘adversarial’ or varied according to the issue at hand. While these categorizations may appear be somewhat crude, they are essentially designed to identify overall union orientation, while acknowledging that unions (like management) will always deploy some level of adversarialism when addressing distributive issues. The findings for MNCs that had opened new sites over the past five years are outlined in Table 3. These provide no evidence of an embedded adversarial approach on behalf of trade unions. Rather it seems that that unions either pursue a cooperative approach or alter their approach depending on the issue under discussion. These findings suggest that management are not being pushed into double breasting due to particularly negative experiences of trade unions but for other reasons which, which may be either operational or strategic in nature.

Insert table 3 about here

What might these reasons be? This is clearly a difficult question requiring qualitative investigation of the process and experience of double breasting. In Ireland, we can draw on just one such investigation that focused on employment relations in U.S.-

owned MNC subsidiaries in Ireland (Gunnigle et al., 2005, 2006). Based on data from five detailed case studies, this research found that three of the five U.S. MNCs studied were engaging in double breasting. Two of these MNCs operated in the pharmaceutical and healthcare sectors and had either opened or acquired a number of new sites over recent years. This expansion was encouraged and part financed by *IDA Ireland*^{viii} in line with the national priority of moving MNC operations up the 'value chain' by engaging in higher margin activities in Ireland. Both of these companies had recognized trade unions and engaged in collective bargaining from start-up but had now initiated a process of union avoidance in its new sites. Four particular reasons emerged from discussions with management, employees and trade union representatives.

1. Positioning for new investment: Initially, the decision to 'go non-union' seemed to be driven by local rather than corporate management. However, it was evident that local management felt that 'union absence' would better position Ireland to attract new investment and/or improved mandates from headquarters. This encouraged local management to make double breasting part of their 'pitch' to gain a micro-political advantage from corporate level decision makers.

If corporate are to give us the go ahead for this new facility, it will only be to a non-union site

Employment Relations Manager, U.S. owned Pharmaceutical Company.

It [union avoidance] is coming from the States but it is also a new breed of management [in Ireland]....there are so many sites [around the world] jockeying for position”

Trade Union official, U.S. owned Pharmaceutical Company.

The fact that union absence represents a factor in corporate decisions to allocate new, higher order mandates to foreign subsidiary operations is particularly bad news for trade unions. In terms of immediate consequences, it encourages local management opposition to union presence – possibly – seek management personnel with experience and expertise in union avoidance. More notably, it means that newer, better equipped and higher margin facilities are more likely to be union free with older, lower ‘tech’ and lower margin facilities more like to have a strong union presence. It is also likely that such unionized facilities are more prone to closure due to lack of investment and upgrading. One particular high profile example is *Coca Cola* (Ireland), which recently announced plans to close its unionized manufacturing plant (Drogheda) in September 2008 with a loss a loss of 256 jobs. As a result, manufacturing activity will now be primarily consolidated at its newer ‘high capacity’ non-union plant (Ballina) (European Industrial Relations Observatory [EIRO] Online, 2007). Although denied by the company, the trade union view is that the higher wages and working conditions in the unionized Drogheda plant was a key factor in management’s decision in favor of Ballina:

This (unionized plant) is a highly profitable operation and it has not lost a day of production in disputes for well over a decade. The only reason why it is moving its main production to Ballina, that I can see, is that it has a

non-unionized workforce there and can ensure less of its profits stay in the local economy

TEEU Official (Technical, Engineering and Electrical Union), *Coca Cola*, Drogheda (EIRO, 2007).

2. Re-claim management prerogative: Increasing the decision-making capacity of local management seems to be an important operational reason highlighted by managers for engaging in double breasting. In particular, managers emphasized the greater freedom afforded by non-union status to make and implement operational decisions, particularly an increased capacity to introduce changes in work and employment practices. One particular quote from the survey research demonstrates this point.

The principal reason we don't recognize unions is due to flexibility

Human Resource Director, U.K. Manufacturing MNC.

A more specific manifestation of the potential advantage of double breasting in helping management reclaim prerogative arose in relation to pay determination. Our survey findings indicate that unionized MNCs tend to pay at or above the wage norms agreed through national wage bargaining. However, the case study evidence from U.S. MNCs engaging in double breasting (mentioned above) noted a more recent drive by local management to 'rein in' the tendency to concede above the norm increases and bring them into line with the average the average level of pay increases (cf. Gunnigle *et al*, 2005; also see *Industrial Relations News*, 2002).

3. Less union demand: another specific rationale raised by management was ‘demand’ related, namely that younger, well-educated workers in non-union sites exhibited little inclination to join trade unions:

My feeling here is that employees don’t want to join a trade union. These people are knowledge workers...they don’t want a union... they don’t see any benefit from joining a union

Human Resource Director, Australian Service MNC.

This contention is commonly based on the premise that younger workers hold more negative views of trade unions than their older counterparts due to either their lack of experience of trade unions or to the commonly posited view that younger workers harbor a more individualist orientation towards work and working life (cf. D’Art & Turner, 2008). International survey data provides little support for the contention that younger workers harbor more negative attitudes towards trade unions (see Furaker and Berglund, 2003 on Sweden; Haynes et al., 2006 on New Zealand; Hart Research Associates, 1999 on the U.S.). Using data from the European Social Survey and covering 15 EU countries, D’Art & Turner (2008) found that younger workers were in fact more positively disposed than older workers to the need for trade unions. In Ireland, we find that levels of unionization are lowest among younger age cohorts (Quarterly National Household Surveys, 2004, 2007). However, this is more likely to be related to the lack of availability of trade unions in more and more workplaces than to a fall in union demand. This is evidenced in Geary’s (2007) finding that some two-thirds of respondents in non-union workplaces would like to join a union in situations where management are supportive of union representation. However, where

management do not support union representation, this figure falls to less than a third (28 per cent), indicating that union demand pivots substantially around the postures of employers' attitudes towards collective employee representation via trade unions. Drawing again on case study data on MNCs, Gunnigle et al. (2005) found that while an effective post-entry closed shop operated in the longer established unionized sites, the new sites were completely non-union. Consequently, workers in these sites were not afforded the opportunity to join – in essence union supply has been cut off (cf. Green, 1990).

4. A changing balance of advantage? Finally, and most significantly, management respondents emphasized that their decision to go non-union was largely related to a confidence that they could carry it off without any great difficulty. Such confidence can be traced to the changing socio-political environment and the comparative freedom afforded to local management in terms of industrial relations policies and practices, and reduced capacity of trade unions to oppose employer moves in this regard (for greater detail, see Gunnigle et al., 2006). It appears that Ireland's industrial relations context has now transitioned from a comparatively prescriptive system in the 1960s and 70s, whereby managers felt they had little choice but to conform to local 'tradition' by recognizing trade unions and engaging in collective bargaining. While this approach often flew in the face of home country practice of American companies in particular, local managers seemed to feel it was the only rational choice. As has been observed elsewhere, Ireland's recent evolution to a highly internationalized and developed economy has been accompanied by the emergence of a significantly more permissive industrial relations context within which employers feel increasingly able to avoid union recognition (cf. Gunnigle et al., 2006). This development first became

apparent through *ab initio* union avoidance in greenfield MNC start-ups but now clearly embraces double breasting in older, hitherto unionized MNCs.

It is noteworthy that in none of the cases did management explicitly articulate the view that enhanced productivity might constitute an advantage of union avoidance. Nor were we able to access reliable measures productivity in either union or non-union operations. We are therefore unable to comment on this aspect of the decision to go non-union beyond our conclusion management's desire to increase management prerogative in operational decision-making represented an important factor positively impacting on the decision of hitherto unionized firms to establish new sites on a non-union basis.

Discussion and conclusions

In this paper we have sought to profile the pattern of double breasting among the MNC population in Ireland and provide a nuanced analysis of the reasons behind this development. In doing, we utilize a strategic choice lens. This assumes that employers possess some room for maneuver and though environmental factors may limit choice, senior management retain the capacity to make decisions on key aspects of industrial relations policy and practice (cf. Poole, 1986; Marchington & Parker, 1990). It therefore embraces the degree to which employers possess and exercise strategic choice in industrial relations. Decisions to open a new site or acquire an existing facility represent particularly germane examples. In the US, for example, we find numerous instances of firms that have switched the locus of their operations to southern states to benefit both from lower non-union wages and from the reduced prospect of union penetration as a result of a more 'employer-friendly' political and social climate (cf. Verma, 1985; Kochan et al., 1986). The globalization of capital

through international investment by MNCs provides a more contemporary context within which to evaluate the pattern of employer and management choice in industrial relations. One particular dimension relates to MNC decisions on where to locate foreign operations (Cooke & Noble, 1998). Here, we find considerable international evidence to suggest that industrial relations systems, and particularly the level of institutional constraint on management decision-making and choice, can significantly influence the location decisions of MNCs (Cooke, 2003; Kleiner & Ham, 2003). Since industrial relations systems and practices differ between countries, MNCs may engage in ‘regime shopping’ as they seek out locations for investment which offer the most favorable conducive context, one aspect of which is the relative freedom to choose and deploy their preferred industrial relations ‘style’ (Traxler, 2000). However, we have much less evidence on how MNCs operate within specific national systems once the location decision is made. Of particular interest is the extent to which MNCs act as agents for change by introducing particular industrial relations innovations, which may, in time, alter the characteristics of the system itself (Ferner and Quintanilla, 2002). For example, much of the research on industrial relations in MNCs primarily focuses on whether MNCs recognize trade unions for the purposes of collective representation or not (Innes & Morris, 1985; Edwards & Ferner, 2002; Almond, *et al*, 2005). However, as Kochan et al. (1986) demonstrated in the US context, employers and management have been particularly proactive in both influencing and reacting to the social, political environment in which they operate and in altering and developing their strategies accordingly. Our findings address this very aspect of MNC behavior, namely the extent to which unionized MNCs engage in double breasting, the pattern of such engagement and the reasons proffered for so doing.

The major conclusion of our paper is that a substantial and increasing number of MNCs in Ireland are engaging in double breasting. As with the growth of *ab initio* union avoidance in greenfield sites, this is most evident among U.S. MNCs. Secondly, we argue that this development has not occurred because of highly adversarial or difficult relationships with trade unions. Rather, management, at both local and global level, has proactively initiated double breasting as a strategic ploy to increase management prerogative and better position subsidiary operations to attract new investment from corporate levels. Local management have thus taken advantage of declining union density and a permissive regulatory industrial relations environment to go ‘union free’ in new sites. Conveniently, this strategy dovetails with efforts to optimally position the Irish operations to attract new, higher order investments from corporate level. Local management perception is that non-union facilities have a greater chance of winning such new investments. For unions though, the picture is far from rosy. In the short-term the high incidence of double breasting clearly infers a loss of potential members. Longer term prospects for unions are also ominous, given that newer and likely better-equipped facilities are more liable to be union free while older, and possibly more poorly equipped sites are more likely to be unionized. Such a development raises questions as to the viability of such lower order activities. It is therefore plausible to argue that union density is suffering at two junctures in the MNC global supply chain: (a) the loss of potential members in new facilities as a result of double breasting and (b) the loss of current members due to some combination of downsizing, closure, outsourcing or off-shoring in older facilities.

At the macro level, it is clear that high levels of trade union influence on economic and social policy have done little to buttress union penetration across vast swathes of the MNC sector. This reflects the development of what Wallace (2003: 8) terms a “parallel system” of industrial relations at establishment level, characterized primarily by burgeoning non-unionism in the private sector and greater competitive pressures on traditionally unionized firms.

Overall, our evidence on the scale and diffusion of double breasting arrangements in older MNCs adds another dimension to the explanations of the dramatic fall in union density in Ireland over recent decades. For some time, scholars have noted a pattern of extensive employer opposition to union recognition in new MNC start-ups, predominantly among newer MNCs in the ICT sector that established since the turn of 1980s. The fact that union avoidance is now also embedded among longer established MNCs in sectors traditionally seen as conducive to union penetration (e.g. pharmaceuticals and healthcare products) underpins the challenge facing the trade union movement to maintain or grow its membership in the private sector. This dilemma is exacerbated by the recent change in industrial policy, which shifted the focus from attracting new greenfield MNC investment to incentivizing existing MNCs to win higher order investment and move up the ‘value chain’. Our data indicates that a substantial proportion of such investment focuses on new non-union facilities rather than re-investment in older union sites. It would appear that the ascent of hitherto unionized operations up their corporation’s value chain may concurrently mean reduced union penetration. This significant change in industrial relations practice is largely driven by strategic decisions related to investment, location and management practice. It further indicates global-local management consensus on union avoidance

and contrasts the often-divergent positions of global and local management on trade unions when many of the MNCs in question first established.

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Figure 1 Trade Union Recognition by Country of Origin

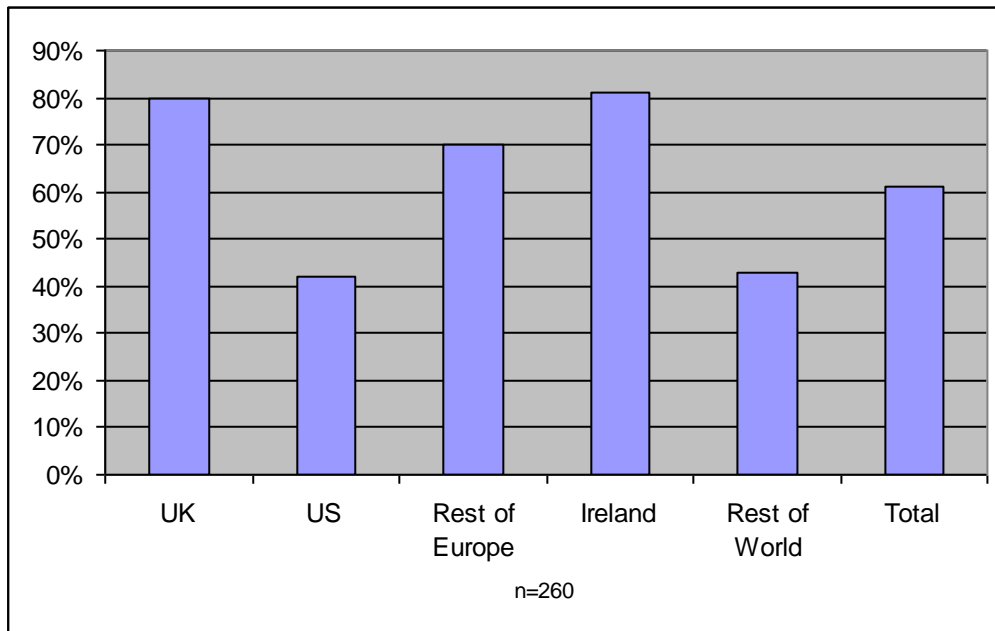


Figure 2 Double Breasting by Country of Origin

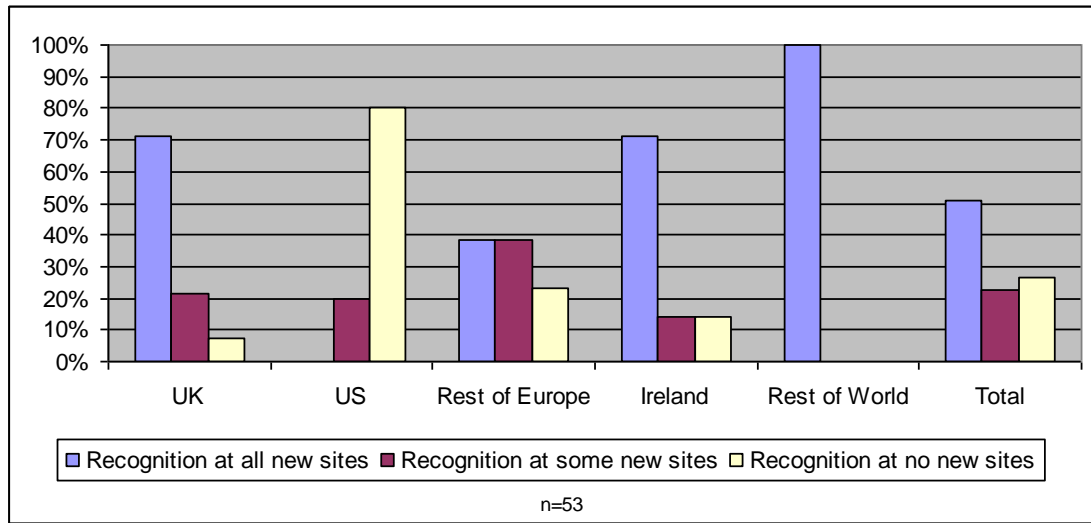


Table 1 Profile of Respondents

Country	% (n)
Ireland	18% (47)
US	39% (101)
UK	14% (35)
Rest of Europe	24% (63)
Rest of World	5% (14)
Total	100% (260)

Table 2 Trade Union Recognition & Avoidance at New Sites (unionized MNCs only)

	% (n)
Recognition at all new sites	51% (27)
Recognition at some new sites	23% (12)
Recognition at no new sites	26% (14)

n=53

Table 3 Approach of Trade Unions

	<i>Double breasting</i>	<i>Not double breasting</i>
Cooperative approach	42% (10)	63% (17)
Adversarial approach	8% (2)	4% (1)
Depends on issue	50% (12)	33% (9)

n=51

Appendix 1 The Case Study Firms

Compuco manufactures and sells computer hardware and was established in the early mid-1980s. It boasts global revenue in excess of US\$40bn and employs over 50,000 people worldwide. It established its first European manufacturing operation in Ireland in the early 1990s and currently employs some 3000 across four sites

ITco was incorporated in the early 1900s and operates in the information and communications technology (ICT) sector. It is a long established *Fortune 500* company. While it had a sales presence in Ireland from the 1950s, its scale remained quite small until the mid-1990s when it established an international technical support and customer service centre and, soon after, a 'technology facility'. It currently employs 4000 people at a number of sites

Healthco manufactures pharmaceutical and healthcare products. It was established in the late nineteenth century and expanded abroad in the late 1930s. It has global revenues of US\$16bn and employs approximately 70,000 people worldwide. It opened its first manufacturing operation in Ireland in the mid 1970s. It has expanded its Irish operations over the recent past and now employs approximately 2000 people.

Logistico was founded in the early 1900s and is one of the world's leading distribution and transport corporations. It employs over 350,000 people worldwide and boasts global revenues of approximately US\$30bn. Its first Irish operation was established in the early 1990s, with other centres opening in the mid- and late-1990s respectively. Total Irish employment amounts to some 1000 people.

Pharmaco is one of the world's top pharmaceutical firms, featuring high on the *Fortune 500* list. It was established in the nineteenth century and expanded abroad in the 1950s. It currently boasts global employment levels of 120,000 and annual revenues in the region of US\$50bn. Its first Irish operation was established in the 1960s and now employs just under 2000 people in Ireland at a number of sites.

ENDNOTES

ⁱ The European Industrial Relations Directory is available on-line at <http://www.eurofound.europa.eu/eiro/>, while *Industrial Relations News* is widely accepted the most authoritative periodical in the HR/IR field in Ireland, see www.irn.ie

ⁱⁱ These data on trade union membership are drawn from two sources, the *UCD Dues Series* data and the Central Statistics Office *Quarterly National Household Surveys*.

ⁱⁱⁱ For more detail on the Irish study, see Gunnigle et al., (2007). Reports are also available on the Canadian (Bélanger, *et al.*, 2006) and UK studies (Edwards, P. *et al.*, 2007).

^{iv} The larger international study of HRM in US MNCs, of which the Irish study was part, was coordinated by Professor Anthony Ferner, De Montfort University (UK) and involved a number of scholars from De Montfort University and King's College, London, UK, the Universities of Trier and Erfurt, Germany, IESE Business School, Spain and the University of Limerick, Ireland. A compendium of this work may be found in Almond & Ferner (2006). More information on the Irish study is available in Gunnigle et al (2005, 2006).

^v Our survey was directed at the most senior HR manager. This is consistent with Kochan et al's (1986) focus on accessing 'key decision makers' in the IR/HR sphere.

^{vi} The rest of Europe category consists of MNCs from the European region excluding Ireland and the UK..

^{vii} We have not specifically discussed the 'rest of the world' category for two reasons. Firstly, the numbers in this category are quite small (14 in total). Secondly, this is highly disparate group in terms of country of ownership, encompassing firms from southern and central Asia, the Americas (excluding the US) and the Antipodes.

^{viii} IDA Ireland is Ireland's main industrial promotions agency with responsibility for Foreign Direct Investment.